

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 2041 – HB 1987**

June 2, 2010

**SUMMARY OF AMENDMENT (019228):** Deletes the language of the original bill. Authorizes local governments to issue notes that mature beyond the fiscal year in which they were issued, to fund operating expenditures when the notes are either (1) approved by the Comptroller of the Treasury and guaranteed by the State Funding Board, or (2) approved by the Comptroller of the Treasury in the case of economic distress due to a natural disaster certified by the Federal Emergency Management Agency (FEMA). Requires the Comptroller to report any such note issuances at the following State Funding Board Meeting.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures – Not Significant

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Expenditures – Not Significant**

**Other Fiscal Impact – A permissive and unknown increase to local government expenditures for additional debt service in future years when issuance of notes may be required.**

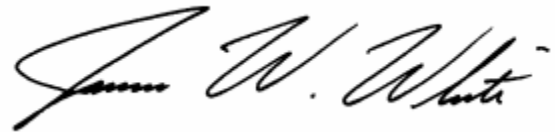
**Assumptions applied to amendment:**

- According to the Office of the Comptroller, this bill will keep local governments from being in violation of state law if they need to issue notes in the event of a natural disaster or emergency to cover their expenditures.
- Based on information received from the Comptroller, any increase to state expenditures for the Comptroller to approve notes or for required reporting is considered to be not significant
- The fiscal impact of this bill as amended to local governments is dependent upon several unknown factors such as the extent of natural disasters in the future, the extent of funds required by any such local government that would necessitate the issuance of notes, coupon rates and terms, and the number of local governments that will issue notes. Given the extent of unknown factors, determining a precise fiscal impact to local

government is difficult. However, it is reasonable to expect a permissive increase to local government expenditures of unknown amounts in future years as the issuance of notes may be required.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director

/rnc